

CONFERENCE COMMITTEE REPORT DIGEST FOR ESB 501

Citations Affected: IC 6-1.1-19-1.5; IC 6-1.1-19-12; IC 20-5.5; IC 20-6.1-4-15; IC 20-8.1-9-3; IC 21-1-30-0.5; IC 21-2-15-3; IC 21-3; IC 20-5.5-7-2.

Synopsis: Charter schools. Conference committee report to ESB 501. Specifies that the school employees of a conversion charter school cannot have their benefits or employment with the school corporation that sponsored the charter school terminated. Allows a school corporation to increase its maximum levy by the amount of any local funding provided to a charter school. Excludes the levy increase from the school corporation's previous year revenue and tuition support calculation. Requires the department of local government finance to inform each county auditor of the amount of local funding to distribute to a charter school. Creates a separate average daily membership ("ADM") count for a charter school. Provides that all university sponsors together may sponsor not more than five charter schools each year. Provides that a university may not sponsor a charter school in Marion County. Requires a university to conduct a public meeting in the county where the university intends to sponsor a charter school. Prohibits the mayor of a consolidated city from banking charter schools from 2003 through 2005. Requires the department of education ("department") to distribute tuition support and other state funding to a charter school beginning in the second semester of the charter school's operation. Requires the department to provide the department of local government finance information necessary to calculate a charter school's share of local funding. Provides that the school corporation in which a conversion charter school is located provides state funding and a proportionate share of local funding to the conversion charter school during its first semester of operation. Requires the organizer of a charter school to apply for federal funding. Allows a charter school to borrow from the common school fund for first semester operational costs and operational costs associated with a growth in enrollment of at least 15%. Provides for repayment of any outstanding obligation from the common school fund of a charter school that terminates operation. Provides that the at risk and complexity indices for a charter school are the at risk and complexity indices of the school corporation in which the charter school is located. Provides that the at risk and complexity indices for Campagna Academy Charter School are the weighted averages of the at risk and complexity indices of the school corporations in which the charter school's students have legal settlement. Includes charter schools in the following categorical distributions: (1) free lunch and

textbook reimbursement; (2) primetime; (3) at risk; (4) growing enrollment; (5) academic honors diploma; (6) special education; and (7) vocational education. Forgives outstanding obligations of charter schools from the abandoned property fund. States the intent of the general assembly to fund charter schools under the same formula as other school corporations. **(This conference committee report: (1) removes the requirement that a county auditor include in each property tax statement the amount of the school general fund tax levy attributable to a charter school; (2) provides that all university sponsors together may sponsor not more than five charter schools each year through June 30, 2005; (3) removes limits on the total number of charter schools and on the number of conversion charter schools; (4) provides that a university may not sponsor a charter school in Marion County; (5) requires a university to conduct a public meeting in the county where the university intends to sponsor a charter school; (6) prohibits the mayor of a consolidated city from banking charter schools from 2003 through 2005; (7) removes the requirement that the scorer of an examination required for licensure as a teacher or school administrator provide certain information to an individual who did not pass all or part of the examination; (8) removes the \$4,000,000 annual cap on loans from the charter school advancement account; (9) provides that the at risk and complexity indices for a charter school are the at risk and complexity indices of the school corporation in which the charter school is located; (10) provides that the at risk and complexity indices for Campagna Academy Charter School are the weighted averages of the at risk and complexity indices of the school corporations in which the charter school's students have legal settlement; and (11) states the intent of the general assembly to fund charter schools under the same formula as other school corporations.)**

Effective: Upon passage; January 1, 2002 (retroactive); January 1, 2003 (retroactive); July 1, 2003.

Adopted

Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed House Amendments to Engrossed Senate Bill No. 501 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-1.1-19-1.5, AS AMENDED BY HEA 1001-2003,
- 3 SECTION 136, IS AMENDED TO READ AS FOLLOWS
- 4 [EFFECTIVE JULY 1, 2003]: Sec. 1.5. (a) The following definitions
- 5 apply throughout this section and IC 21-3-1.7:
- 6 (1) "Adjustment factor" means the adjustment factor determined by
- 7 the department of local government finance for a school
- 8 corporation under IC 6-1.1-34.
- 9 (2) "Adjusted target property tax rate" means:
- 10 (A) the school corporation's target general fund property tax rate
- 11 determined under IC 21-3-1.7-6.8; multiplied by
- 12 (B) the school corporation's adjustment factor.
- 13 (3) "Previous year property tax rate" means the school
- 14 corporation's previous year general fund property tax rate after the
- 15 reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and
- 16 IC 21-3-1.7-5(3).
- 17 (b) Except as otherwise provided in this chapter, a school corporation
- 18 may not, for a calendar year beginning after December 31, 2004,
- 19 impose a general fund ad valorem property tax levy which exceeds the
- 20 following:
- 21 STEP ONE: Determine the result of:

- 1 (A) the school corporation's adjusted target property tax rate;
 2 minus
 3 (B) the school corporation's previous year property tax rate.
- 4 **STEP TWO:** If the school corporation's adjusted target property tax
 5 rate:
- 6 (A) exceeds the school corporation's previous year property tax
 7 rate, perform the calculation under STEP THREE and not under
 8 STEP FOUR;
 9 (B) is less than the school corporation's previous year property
 10 tax rate, perform the calculation under STEP FOUR and not
 11 under STEP THREE; or
 12 (C) equals the school corporation's previous year property tax
 13 rate, determine the levy resulting from using the school
 14 corporation's adjusted target property tax rate and do not perform
 15 the calculation under STEP THREE or STEP FOUR.
- 16 **STEP THREE:** Determine the levy resulting from using the school
 17 corporation's previous year property tax rate after increasing the
 18 rate by the lesser of:
- 19 (A) the STEP ONE result; or
 20 (B) five cents (\$0.05).
- 21 **STEP FOUR:** Determine the levy resulting from using the school
 22 corporation's previous year property tax rate after reducing the rate
 23 by the lesser of:
- 24 (A) the absolute value of the STEP ONE result; or
 25 (B) five cents (\$0.05).
- 26 **STEP FIVE:** Determine the result of:
- 27 (A) the STEP TWO (C), STEP THREE, or STEP FOUR result,
 28 whichever applies; plus
 29 (B) an amount equal to the annual decrease in federal aid to
 30 impacted areas from the year preceding the ensuing calendar
 31 year by three (3) years to the year preceding the ensuing calendar
 32 year by two (2) years.
- 33 The maximum levy is to include the portion of any excessive levy
 34 and the levy for new facilities.
- 35 **STEP SIX: Determine the result of:**
- 36 (A) the STEP FIVE result; plus
 37 (B) the product of:
- 38 (i) the weighted average of the amounts determined under
 39 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
 40 attended by students who have legal settlement in the
 41 school corporation; multiplied by
 42 (ii) thirty-five hundredths (0.35).
- 43 **In determining the number of students for purposes of this**
 44 **STEP, each kindergarten pupil shall be counted as one-half**
 45 **(1/2) pupil.**
- 46 **The result determined under this STEP may not be included in**
 47 **the school corporation's adjusted base levy for the year**
 48 **following the year in which the result applies or in the school**
 49 **corporation's determination of tuition support.**
- 50 (c) For purposes of this section, "total assessed value", as adjusted
 51 under subsection (d), with respect to a school corporation means the

total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The department of local government finance may adjust the total assessed value of a school corporation to eliminate the effects of appeals and settlements arising from a statewide general reassessment of real property.

(e) The department of local government finance shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

- (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;
- (2) petition for a correction of error under IC 6-1.1-15-12; or
- (3) petition for refund under IC 6-1.1-26.

(f) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent (\$0.0001). All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(g) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation may impose a general fund ad valorem property tax levy in the amount determined under STEP SEVEN of the following formula:

STEP ONE: Determine the quotient of:

- (A) the school corporation's 2003 assessed valuation; divided by
- (B) the school corporation's 2002 assessed valuation.

STEP TWO: Determine the greater of zero (0) or the difference between:

- (A) the STEP ONE amount; minus
- (B) one (1).

STEP THREE: Determine the lesser of eleven-hundredths (0.11) or the product of:

- (A) the STEP TWO amount; multiplied by
- (B) eleven-hundredths (0.11).

STEP FOUR: Determine the sum of:

- (A) the STEP THREE amount; plus
- (B) one (1).

STEP FIVE: Determine the product of:

- (A) the STEP FOUR amount; multiplied by
- (B) the school corporation's general fund ad valorem property tax levy for calendar year 2003.

STEP SIX: Determine the lesser of:

- (A) the STEP FIVE amount; or
- (B) the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by five cents (\$0.05).

STEP SEVEN: Determine the result of:

- (A) the STEP SIX amount; plus
- (B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the part of any excessive levy and the levy for new facilities.

STEP EIGHT: Determine the result of:

(A) the STEP SEVEN result; plus

(B) the product of:

- (i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by
- (ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil.

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.

SECTION 2. IC 6-1.1-19-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 12. (a) Not later than the date on which the department of local government finance certifies a final action under IC 6-1.1-17-16, the department of local government finance shall provide to each county auditor the amount determined under IC 20-5.5-7-3(c)(6) for each charter school attended by a student who has legal settlement in both the county and a school corporation located in the county.**

(b) This subsection applies beginning with the first distribution of property taxes to a school corporation after December 31, 2003. At the same time a county auditor distributes property taxes to a school corporation, the county auditor shall distribute to a charter school the amount described in subsection (a) for the charter school.

(c) A distribution of property taxes to a school corporation does not include an amount distributed under subsection (b).

SECTION 3. IC 20-5.5-1-1.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.3. "ADM of the previous year" or "ADM of the prior year" has the meaning set forth in IC 21-3-1.6-1.1(m).**

SECTION 4. IC 20-5.5-1-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. "Average daily membership" or "ADM" has the meaning set forth in IC 21-3-1.6-1.1(d).**

SECTION 5. IC 20-5.5-1-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 5.5. "Current ADM" has the meaning set forth in IC 21-3-1.6-1.1(n).**

SECTION 6. IC 20-5.5-3-13, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13. (a) This section applies to university**

1 sponsors.

2 (b) The ultimate responsibility for choosing to sponsor a charter
3 school and responsibilities for maintaining sponsorship shall rest with
4 the university's board of trustees.

5 (c) Notwithstanding subsection (b), the university's board of trustees
6 may vote to assign sponsorship authority and sponsorship
7 responsibilities to another person or entity that functions under the
8 direction of the university's board. Any decisions made under this
9 subsection shall be communicated in writing to the department of
10 education and the charter school review panel.

11 **(d) Before a university may sponsor a charter school, the**
12 **university must conduct a public meeting with public notice in the**
13 **county where the charter school will be located.**

14 **(e) A university may not sponsor a charter school in Marion**
15 **County. This subsection expires June 30, 2005.**

16 **(f) The total number of charter schools that may be approved**
17 **and opened in a calendar year by all university sponsors may not**
18 **exceed five (5). This subsection expires June 30, 2005.**

19 SECTION 7. IC 20-5.5-3-14, AS AMENDED BY P.L.1-2002,
20 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
21 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 14. (a) This section
22 applies to charter schools sponsored by the mayor of a consolidated
23 city.

24 (b) The number of charter schools may not be more than five (5)
25 during the 2001 calendar year.

26 (c) During each year after calendar year 2001, the maximum number
27 of charter schools is greater by five (5) than the maximum number for
28 the previous year.

29 (d) The limits resulting from subsections (b) and (c) shall be
30 cumulative from year to year. **However, there shall be no**
31 **accumulation from January 1, 2003, through December 31, 2005.**

32 SECTION 8. IC 20-5.5-6-1, AS ADDED BY P.L.100-2001,
33 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
34 JULY 1, 2003]: Sec. 1. (a) **Except as provided in subsection (b),**
35 individuals who work at a charter school are employees of the charter
36 school or of an entity with which the charter school has contracted to
37 provide services.

38 **(b) Teachers in a conversion charter school are employees of**
39 **both the charter school and the school corporation that sponsored**
40 **the charter school. For purposes of the collective bargaining**
41 **agreement, conversion charter school teachers are considered**
42 **employees of the school corporation that sponsored the charter**
43 **school.**

44 **(c) All benefits accrued by teachers as employees of the**
45 **conversion charter school are the financial responsibility of the**
46 **conversion charter school. The conversion charter school is**
47 **required to pay those benefits directly or to reimburse the school**
48 **corporation for the cost of the benefits.**

49 **(d) All benefits accrued by a teacher during the time that the**
50 **teacher was an employee only of the school corporation that**
51 **sponsored the charter school are the financial responsibility of the**

1 school corporation. The school corporation is required to pay those
 2 benefits directly or to reimburse the conversion charter school for
 3 the cost of the benefits.

4 (e) For any other purpose, a teacher is an employee of the charter
 5 school.

6 SECTION 9. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001,
 7 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 3. (a) Not later than the
 9 date established by the department for determining average daily
 10 membership under IC 21-3-1.6-1.1(d), **and after May 31**, the organizer
 11 shall submit to the department the following information **on a form**
 12 **prescribed by the department**:

13 (1) The number of students enrolled in the charter school.

14 (2) The name **and address** of each student. **and**

15 (3) **The name of** the school corporation in which the student
 16 **resides: has legal settlement.**

17 (4) **The name of the school corporation, if any, that the student**
 18 **attended during the immediately preceding school year.**

19 (5) **The grade level in which the student will enroll in the**
 20 **charter school.**

21 **The department shall verify the accuracy of the information**
 22 **reported.**

23 (b) **After verifying the accuracy of the information reported under**
 24 **subsection (a); This subsection applies after December 31 of the**
 25 **calendar year in which a charter school begins its initial operation.**

26 The department shall distribute the following to the organizer

27 (1) Tuition support and other state funding for any purpose for
 28 students in the charter school:

29 (2) A proportionate share of state and federal funds received for
 30 students with disabilities or staff services for students with
 31 disabilities for the students with disabilities enrolled in the charter
 32 school:

33 (3) A proportionate share of funds received under federal or state
 34 categorical aid programs for students who are eligible for the
 35 federal or state aid enrolled in the charter school: **the amount**
 36 **determined under IC 21-3-1.7 for the charter school. The**
 37 **department shall make a distribution under this subsection at**
 38 **the same time and in the same manner as the department**
 39 **makes a distribution under IC 21-3-1.7.**

40 (c) Not later than the date established by the department for
 41 determining average daily membership under IC 21-3-1.6-1.1(d), the
 42 organizer shall submit to each governing body a report of the total
 43 number and names of students from the governing body's school
 44 corporation enrolled in the charter school. Upon verifying the accuracy
 45 of the information reported, the governing body shall distribute to the
 46 organizer a proportionate share of local support for the students
 47 enrolled in the charter school in an amount determined under STEP
 48 THREE of the following formula:

49 STEP ONE: Add the revenues obtained by the school
 50 corporation's:

51 (A) general fund property tax levy; and

(B) general fund auto excise and financial institutions tax:

STEP TWO: Divide the sum determined under STEP ONE by the total number of students enrolled in the school corporation:

STEP THREE: Multiply the quotient determined under STEP TWO by the number of students enrolled in the charter school:

(d) The distribution under subsection (b) shall be made on the same schedule as the schedule on which the school corporation receives the funds:

(c) The department shall provide to the department of local government finance the following information:

(1) For each county, the number of students who:

(A) have legal settlement in the county; and

(B) attend a charter school.

(2) The school corporation in which each student described in subdivision (1) has legal settlement.

(3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.

(4) The amount determined under IC 6-1.1-19-1.5(g) STEP EIGHT for 2004 and IC 6-1.1-19-1.5(b) STEP SIX for 2005 for each school corporation described in subdivision (2).

(5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

(A) the amount determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for a charter school described in subdivision (3); multiplied by

(B) thirty-five hundredths (0.35).

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the current ADM of a charter school described in subdivision (3).

(6) The amount determined under STEP THREE of the following formula:

STEP ONE: Determine the number of students described in subdivision (1) who:

(A) attend the same charter school; and

(B) have legal settlement in the same school corporation located in the county.

STEP TWO: Determine the subdivision (5) STEP ONE amount for a charter school described in STEP ONE (A).

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount.

SECTION 10. IC 20-5.5-7-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 3.5.** (a) This section applies to a conversion charter school.

(b) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after July 2, the organizer shall submit to a governing body on

a form prescribed by the department the information reported under section 3(a) of this chapter for each student who:

- (1) is enrolled in the organizer's conversion charter school; and
- (2) has legal settlement in the governing body's school corporation.

(c) Beginning not more than sixty (60) days after the department receives the information reported under section 3(a) of this chapter, the department shall distribute to the organizer:

- (1) tuition support and other state funding for any purpose for students enrolled in the conversion charter school;
- (2) a proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for students with disabilities enrolled in the conversion charter school; and
- (3) a proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state categorical aid and are enrolled in the conversion charter school;

for the second six (6) months of the calendar year in which the conversion charter school is established. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution to the governing body of the school corporation in which the conversion charter school is located. A distribution to the governing body of the school corporation in which the conversion charter school is located is reduced by the amount distributed to the conversion charter school. This subsection does not apply to a conversion charter school after December 31 of the calendar year in which the conversion charter school is established.

(d) This subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to the governing body of the school corporation in which a conversion charter school is located after the governing body receives the information reported under subsection (b). Not more than ten (10) days after the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the conversion charter school the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the quotient of:

(A) the number of students who:

- (i) are enrolled in the conversion charter school; and
- (ii) were counted in the ADM of the previous year for the school corporation in which the conversion charter school is located; divided by

(B) the current ADM of the school corporation in which the conversion charter school is located.

In determining the number of students enrolled under clause (A)(i), each kindergarten pupil shall be counted as one-half (1/2) pupil.

STEP TWO: Determine the total amount of the following revenues to which the school corporation in which the

conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established:

(A) Revenues obtained by the school corporation's:

(i) general fund property tax levy; and

(ii) excise tax revenue (as defined in IC 21-3-1.7-2).

(B) The school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1.1 that is to be used as property tax replacement credits.

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount.

(e) Subsection (d) does not apply to a conversion charter school after the later of the following dates:

(1) December 31 of the calendar year in which the conversion charter school is established.

(2) Ten (10) days after the date on which the governing body of the school corporation in which the conversion charter school is located receives the final distribution described in IC 6-1.1-27-1 of revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established.

(f) This subsection applies during the second six (6) months of the calendar year in which a conversion charter school is established. A conversion charter school may apply for an advance from the charter school advancement account under IC 20-5.5-7.5 in the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the result under subsection (d) STEP ONE (A).

STEP TWO: Determine the difference between:

(A) the conversion charter school's current ADM; minus

(B) the STEP ONE amount.

STEP THREE: Determine the quotient of:

(A) the STEP TWO amount; divided by

(B) the conversion charter school's current ADM.

STEP FOUR: Determine the product of:

(A) the STEP THREE amount; multiplied by

(B) the quotient of:

(i) the subsection (d) STEP TWO amount; divided by

(ii) two (2).

SECTION 11. IC 20-5.5-7-4, AS AMENDED BY P.L.1-2002, SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 4. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

(b) This subsection applies to a sponsor that is a state educational institution described in IC 20-5.5-1-15(1)(B). **In a calendar year**, a state educational institution may receive from the organizer of a charter school sponsored by the state educational institution an administrative

1 fee equal to not more than three percent (3%) of the total amount the
 2 governing body distributes under sections 3(b)(1) and 3(c) of this
 3 chapter: **organizer receives during the calendar year under**
 4 **IC 6-1.1-19-12 and IC 21-3-1.7-8.2.**

5 SECTION 12. IC 20-5.5-7-5, AS ADDED BY P.L.100-2001,
 6 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 5. (a) An organizer may
 8 apply for and accept for a charter school:

9 (1) independent financial grants; or

10 (2) funds from public or private sources other than the department.

11 (b) **An organizer shall make all applications, enter into all**
 12 **contracts, and sign all documents necessary for the receipt by a**
 13 **charter school of aid, money, or property from the federal**
 14 **government.**

15 SECTION 13. IC 20-5.5-7-9 IS ADDED TO THE INDIANA CODE
 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 9. (a) **This section**
 18 **applies if:**

19 (1) **a sponsor:**

20 (A) **revokes a charter before the end of the term for which**
 21 **the charter is granted; or**

22 (B) **does not renew a charter; or**

23 (2) **a charter school otherwise terminates its charter before the**
 24 **end of the term for which the charter is granted.**

25 (b) **Any local or state funds that remain to be distributed to the**
 26 **charter school in the calendar year in which an event described in**
 27 **subsection (a) occurs shall be distributed as follows:**

28 (1) **First, to the common school loan fund to repay any existing**
 29 **obligations of the charter school under IC 20-5.5-7.5.**

30 (2) **Second, to the entities that distributed the funds to the**
 31 **charter school. A distribution under this subdivision shall be**
 32 **on a pro rata basis.**

33 (c) **If the funds described in subsection (b) are insufficient to**
 34 **repay all existing obligations of the charter school under**
 35 **IC 20-5.5-7.5, the state shall repay any remaining obligations of the**
 36 **charter school under IC 20-5.5-7.5 from the amount appropriated**
 37 **for distributions under IC 21-3-1.7.**

38 SECTION 14. IC 20-5.5-7.5 IS ADDED TO THE INDIANA CODE
 39 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 40 JANUARY 1, 2003 (RETROACTIVE)]:

41 Chapter 7.5. Charter School Advancement Account

42 Sec. 1. **The charter school advancement account is established**
 43 **within the common school fund.**

44 Sec. 2. **As used in this chapter, "operational costs" means costs**
 45 **other than construction costs incurred by:**

46 (1) **a charter school other than a conversion charter school**
 47 **during the second six (6) months of the calendar year in which**
 48 **the charter school begins its initial operation; or**

49 (2) **a charter school, including a conversion charter school,**
 50 **during the second six (6) months of a calendar year in which**
 51 **the charter school's most recent enrollment reported under**

IC 20-5.5-7-3(a) divided by the charter school's previous year's ADM is at least one and fifteen-hundredths (1.15).

Sec. 3. The board shall advance money to charter schools from the charter school advancement account to be used for operational costs.

Sec. 4. (a) The amount of an advance under section 3 of this chapter for operational costs described in section 2(1) of this chapter may not exceed the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the product of:

(A) the charter school's enrollment reported under IC 20-5.5-7-3(a); multiplied by

(B) the target revenue per ADM determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for the charter school.

STEP TWO: Determine the quotient of:

(A) the STEP ONE amount; divided by

(B) two (2).

STEP THREE: Determine the product of:

(A) the STEP TWO amount; multiplied by

(B) one and fifteen-hundredths (1.15).

(b) The amount of an advance under section 3 of this chapter for operational costs described in section 2(2) of this chapter may not exceed the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the quotient of:

(A) the target revenue per ADM determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for the charter school; divided by

(B) two (2).

STEP TWO: Determine the difference between:

(A) the charter school's current ADM; minus

(B) the charter school's ADM of the previous year.

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount.

STEP FOUR: Determine the product of:

(A) the STEP THREE amount; multiplied by

(B) one and fifteen-hundredths (1.15).

Sec. 5. (a) Money advanced to a charter school under this chapter may be advanced for a period not to exceed twenty (20) years. A charter school to which money is advanced under this chapter must pay interest on the advance at the rate determined under section 6 of this chapter. The board shall provide that the advances are prepayable by the charter school or by the general assembly at any time.

(b) This subsection applies if the general assembly prepays an advance of money under this chapter. Any prepayment under this subsection must be deducted from the amount appropriated for distributions under IC 21-3-1.7.

(c) The board, after consulting with the department and upon

approval of the budget agency, shall establish the terms of an advance before the date on which the advance is made. The terms must include a provision allowing the state to withhold funds due to a charter school to which an advance is made until the advance, including interest accrued on the advance, is paid.

Sec. 6. The state board of finance shall establish periodically the rate of interest payable on advances of money under this chapter. An interest rate established under this section may not:

- (1) be less than one percent (1%); and
- (2) exceed four percent (4%).

Sec. 7. (a) To ensure timely payment of an advance under this chapter according to the terms of the advance, the state may withhold from funds due to the charter school to which the advance is made an amount necessary to pay the advance and the interest on the advance.

(b) If the state withholds funds under subsection (a), the state first shall withhold funds from the distribution of state tuition support to the charter school to which the advance is made. If the tuition support distribution is unavailable or inadequate, the state may withhold funds from any other distribution of state funds to the charter school.

Sec. 8. A charter school that desires to obtain an advance under this chapter must submit an application to the board on a form prescribed by the board after consulting with the department and the budget agency for the board to determine the amount of the advance.

Sec. 9. (a) An advance under this chapter to a charter school is not an obligation of the charter school within the meaning of any constitutional limitation on or prohibition against indebtedness. This chapter does not relieve the organizer of the charter school to qualify the charter school for state tuition support.

(b) An agreement with the board to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of any constitutional limitation on or prohibition against state indebtedness.

Sec. 10. Priority of advances for operational costs must be on a basis determined by the board after consulting with the department and the budget agency.

SECTION 15. IC 20-5.5-8-5, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 5. The following statutes and rules and guidelines adopted under the following statutes apply to a charter school:

- (1) IC 5-11-1-9 (required audits by the state board of accounts).
- (2) IC 20-1-1.5 (unified accounting system).
- (3) IC 20-1-6 (special education).
- (4) IC 20-5-2-7 and IC 20-6.1-3-7.1 (criminal history).
- (5) IC 20-5-2-3 (subject to laws requiring regulation by state agencies).
- (6) IC 20-6.1-4-15 (void teacher contract when two (2) contracts are signed).

- (7) IC 20-6.1-6-11 (nondiscrimination for teacher marital status).
- (8) IC 20-6.1-6-13 (teacher freedom of association).
- (9) IC 20-6.1-6-15 (school counselor immunity).
- (10) For conversion charter schools only, IC 20-6.1-4, IC 20-6.1-5 and IC 20-6.1-6.
- (11) IC 20-8.1-3 (compulsory school attendance).
- (12) IC 20-8.1-4 (limitations on employment of children).
- (13) IC 20-8.1-5.1-13, IC 20-8.1-5.1-15, and IC 20-8.1-5.1-15.5 (student due process and judicial review).
- (14) IC 20-8.1-5.1-10 (firearms and deadly weapons).
- (15) IC 20-8.1-7 and IC 20-8.1-8 (health and safety measures).
- ~~(16) IC 20-8.1-9-3 (exemption from school fees for eligible families and fee reimbursement):~~
- ~~(17) IC 20-8.1-9-5 (notice to parents concerning financial assistance):~~
- ~~(18) (16) IC 20-8.1-12 (reporting of student violations of law).~~
- ~~(19) (17) IC 20-10.1-2-4 and IC 20-10.1-2-6 (patriotic commemorative observances).~~
- ~~(20) (18) IC 20-10.1-16, IC 20-10.1-17, or any other statute, rule, or guideline related to standardized testing (assessment programs, including remediation under the assessment programs).~~
- ~~(21) (19) IC 20-10.1-22.4 (parental access to education records).~~
- ~~(22) (20) IC 20-10.2 (accountability for school performance and improvement).~~

SECTION 16. IC 20-6.1-4-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 15. ~~(a) Void Contract~~~~When Two Contracts Are Signed~~: A contract entered into after August 15 between a school corporation and a teacher is void if the teacher, at the time of signing the contract, is bound by a previous contract to teach in a public school. However, another contract may be signed by the teacher which will be effective if **the teacher:**

- (1) ~~he~~ furnishes the governing body a release by the employers under the previous contract; or
- (2) ~~he~~ shows proof that twenty-one (21) days' written notice was delivered by the teacher to the first employer.

Each governing body may request from the teacher at the time of contracting a written statement as to whether the teacher has signed another teaching contract. However, the teacher's failure to provide the statement is not a cause for subsequently voiding the contract.

(b) This section does not apply to an individual who works at a conversion charter school for purposes of the individual's employment with the school corporation that sponsored the conversion charter school.

SECTION 17. IC 20-8.1-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1. ~~Definition, "School Corporation"~~: As used in this article, the term "school corporation" means any public school corporation established by and under the laws of the state of Indiana. The term includes, but is not necessarily limited to, any school city, school town, school township, consolidated school corporation, metropolitan school district, township school corporation, county school corporation, united

1 school corporation or any community school corporation. **For**
 2 **purposes of IC 20-8.1-9, the term includes a charter school.**

3 SECTION 18. IC 20-8.1-1-2 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:
 5 Sec. 2. As used in this article, the term "governing body" means any
 6 township trustee and the township board of a school township, any
 7 board of school commissioners, any metropolitan board of education,
 8 any board of trustees or any other board or commission charged by law
 9 with the responsibility of administering the affairs of a school
 10 corporation. **For purposes of IC 20-8.1-9, the term includes the**
 11 **organizer of a charter school.**

12 SECTION 19. IC 20-8.1-9-3 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:
 14 Sec. 3. (a) If a parent of a child or an emancipated minor who is
 15 enrolled in a public school, in grades K-12, meets the financial
 16 eligibility standard under section 2 of this chapter, the parent or the
 17 emancipated minor may not be required to pay the fees for school
 18 books, supplies, or other required class fees. Such fees shall be paid by
 19 the school corporation in which the child ~~resides:~~ **attends.**

20 (b) The school corporation may apply for a reimbursement under
 21 section 9 of this chapter from the department of the costs incurred
 22 under subsection (a).

23 (c) To the extent the reimbursement received by the school
 24 corporation is less than the textbook rental fee assessed for textbooks
 25 that have been adopted under IC 20-10.1-9-1 or waived under
 26 IC 20-10.1-9-27, the school corporation may request that the parent or
 27 emancipated minor pay the balance of this amount.

28 SECTION 20. IC 21-1-4-1 IS AMENDED TO READ AS FOLLOWS
 29 [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) It is the duty of the general
 30 assembly under the Constitution of the State of Indiana to encourage by
 31 all suitable means moral, intellectual, scientific, and agricultural
 32 improvement and to provide, by law, for a general and uniform system
 33 of common schools, wherein tuition shall be without charge, and
 34 equally open to all.

35 (b) It is the intent of the general assembly that:

36 (1) the common school fund should be used to:

37 (A) assist school corporations and school townships in financing
 38 their school building construction and educational technology
 39 programs; **and**

40 **(B) assist charter schools in financing their operations;**

41 as authorized by law and under circumstances such that the
 42 principal of the fund remains inviolate;

43 (2) to the end described in subdivision (1), the common school
 44 fund may be used to make advances to:

45 (A) school corporations and school townships under IC 21-1-5;
 46 and

47 **(B) charter schools under IC 20-5.5-7-3.5(f) and**
 48 **IC 20-5.5-7.5; and**

49 (3) this chapter is in furtherance of the duties which are imposed
 50 exclusively upon the general assembly by the Constitution of the
 51 State of Indiana in connection with the maintenance of a general

and uniform system of common schools and the investment and reinvestment of the common school fund and shall be liberally construed to carry out the purposes of the Constitution of the State of Indiana.

(c) In addition, the common school fund may be used to make advances under IC 21-1-5.1.

SECTION 21. IC 21-1-30-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.5. As used in this chapter, "school corporation" includes a charter school.**

SECTION 22. IC 21-2-15-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 3. As used in this chapter, "school corporation" means school township, school town, school city, or public school corporation. **The term does not include a charter school.**

SECTION 23. IC 21-3-1.6-1.1, AS AMENDED BY HEA 1001-2003, SECTION 156, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law. **Except as otherwise indicated, the term includes a charter school.**

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education and, beginning in the school year that ends in the 2005 calendar year, as subsequently adjusted not later than January 30 under the rules adopted by the state board of education. The initial day of the count shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on either the day fixed by the Indiana state board of education or on the subsequent adjustment date, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes that occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year and, beginning in the 2004 calendar year, before April 2 of the following calendar year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the December adjusted count to the budget committee before February 5 of the following year and the April adjusted count not later than May 31 immediately after the date of the April adjusted count. In

determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil. Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter.

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter (repealed) and as determined at the times for calculating ADM. "Current additional count" means the initial computed additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the initial computed additional count of the school corporation for the school year ending in the preceding calendar year.

(f) **For purposes of this subsection, "school corporation" does not include a charter school.** "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss). The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property described in IC 6-1.1-17-0.5(b).

(g) "General fund" means a ~~school corporation~~ fund established under IC 21-2-11-2.

(h) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) **For purposes of this subsection, "school corporation" does not include a charter school.** "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) "Eligible pupil" means a pupil enrolled in a school corporation if:

- (1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;

(2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of family and children; or

(iv) by a parent or guardian under IC 20-8.1-6.1-5.

For purposes of IC 21-3-12, the term includes a student enrolled in a charter school.

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the department of local government finance and used by the department of local government finance in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11. **The term does not apply to a charter school.**

(l) "At risk index" means the following:

(1) For a school corporation that is a not a charter school, the sum of:

~~(1)~~ **(A)** the product of sixteen-hundredths (0.16) multiplied by the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income below the federal income poverty level (as defined in IC 12-15-2-1);

~~(2)~~ **(B)** the product of four-tenths (0.4) multiplied by the percentage of families in the school corporation with a single parent; and

~~(3)~~ **(C)** the product of forty-four hundredths (0.44) multiplied by the percentage of the population in the school corporation who are at least twenty (20) years of age with less than a twelfth grade education.

The data to be used in making the calculations under this ~~subsection~~ **subdivision** must be the data from the ~~1990~~ **2000** federal decennial census.

1. (2) For a charter school, the index determined under

subdivision (1) for the school corporation in which the charter school is located.

(m) "ADM of the previous year" or "ADM of the prior year" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the preceding calendar year.

(n) "Current ADM" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the calendar year.

SECTION 24. IC 21-3-1.6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 2. (a) **As used in this section, "school corporation" does not include a charter school.**

(b) To each school corporation there shall be assigned for each calendar year a teacher ratio which shall consist of the average training and experience factor of the school corporation divided by the state training and experience factor for the same year. The training and experience factor of the school corporation for each calendar year shall be calculated by assigning to each of its teachers employed on October 1 of the preceding year an index number in accordance with the following table, adding the total index numbers of all teachers in the school corporation and dividing the total by the number of teachers. The state factor shall be similarly calculated for all the teachers employed by the state's school corporations.

	Amount of College Training	Amount of Experience	Index Factor
(a)	Less than 4 years	Not applicable	0.7
(b)	4 years but less than 5 years	Less than 6 years	0.8
		6 years or more	0.9
(c)	5 years or more	Less than 5 years	1.0
		5 years or more but less than 11 years	1.1
		11 years or more but less than 17 years	1.2
		17 years or more	1.3a

SECTION 25. IC 21-3-1.7-2, AS AMENDED BY P.L.192-2002(ss), SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 2. As used in this chapter, "excise tax revenue" means the amount of:

- (1) financial institution excise tax revenue (IC 6-5.5); plus
- (2) the motor vehicle excise taxes (IC 6-6-5) and the commercial vehicle excise taxes (IC 6-6-5.5);

the school corporation received for deposit in the school corporation's general fund in a year. **The excise tax revenue for a charter school is zero (0).**

SECTION 26. IC 21-3-1.7-3.1, AS AMENDED BY P.L.1-2003, SECTION 68, AND BY HEA 1001-2003, SECTION 157, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Sec. 3.1. (a) As used in this chapter, "previous year revenue" for calculations with respect to a school corporation equals:

(1) the school corporation's tuition support for regular programs, including basic tuition support, and excluding:

(A) special education grants;

(B) vocational education grants;

(C) at-risk programs;

(D) the enrollment adjustment grant;

(E) the academic honors diploma award;

(F) the primetime distribution; and

(G) for 2005 and thereafter, the supplemental remediation grant; for the year that precedes the current year; plus

(2) the school corporation's tuition support levy for the year that precedes the current year before the reductions required under section 5(1) and 5(2) of this chapter; plus

(3) distributions received by the school corporation under IC 6-1.1-21.6 for the year that precedes the current year; plus

(4) the school corporation's excise tax revenue for the year that precedes the current year by two (2) years; minus

(5) an amount equal to the reduction in the school corporation's tuition support under subsection (b) or IC 20-10.1-2-1, or both; plus

(6) in calendar year 2003, the amount determined for calendar year 2002 under section 8.2 of this chapter, STEP TWO (C); plus

(7) in calendar year 2004, the amount determined for calendar year 2002 under section 8.2 of this chapter, STEP TWO (D); plus

(8) notwithstanding subdivision (1), in calendar year 2004, the school corporation's distribution under section 9.7 of this chapter for calendar year 2003.

(b) A school corporation's previous year revenue shall be reduced if:

(1) the school corporation's state tuition support for special or vocational education was reduced as a result of a complaint being filed with the department of education after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in tuition support for special and vocational education because of the overstatement.

(c) A school corporation's previous year revenue shall be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11. The amount of the reduction equals the product of:

(1) the sum of the amounts distributed to the conversion charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d); multiplied by

(2) two (2).

SECTION 27. IC 21-3-1.7-5, AS AMENDED BY P.L.85-2002, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JANUARY 1, 2002 (RETROACTIVE)]: Sec. 5. (a) **As used in this section, "school corporation" does not include a charter school.**

(b) As used in this chapter, "tuition support levy" means with respect to a school corporation for a year the maximum general fund ad valorem property tax levy for the school corporation determined under IC 6-1.1-19-1.5 reduced by the following:

(1) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(2) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

SECTION 28. IC 21-3-1.7-6.6, AS AMENDED BY HEA 1001-2003, SECTION 159, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 6.6. (a) For purposes of this chapter, a school corporation's "adjusted ADM" for the current year is the result determined under the following formula:

STEP ONE: Determine the greatest of the following:

(A) The school corporation's ADM for the year preceding the current year by three (3) years.

(B) The school corporation's ADM for the year preceding the current year by two (2) years.

(C) The school corporation's ADM for the year preceding the current year by one (1) year.

(D) The school corporation's ADM for the current year.

STEP TWO: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by four (4) years; minus

(B) the STEP ONE amount.

STEP THREE: Determine the greatest of the following:

(A) The school corporation's ADM for the year preceding the current year by two (2) years.

(B) The school corporation's ADM for the year preceding the current year by one (1) year.

(C) The school corporation's ADM for the current year.

STEP FOUR: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by three (3) years; minus

(B) the STEP THREE amount.

STEP FIVE: Determine the greater of the following:

(A) The school corporation's ADM for the year preceding the current year by one (1) year.

(B) The school corporation's ADM for the current year.

STEP SIX: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the current year by two (2) years; minus

(B) the STEP FIVE amount.

STEP SEVEN: Determine the greater of zero (0) or the result of:

(A) the school corporation's ADM for the year preceding the

- 1 current year by one (1) year; minus
- 2 (B) the school corporation's ADM for the current year.
- 3 STEP EIGHT: Determine the sum of the following:
- 4 (A) The STEP TWO result multiplied by two-tenths (0.2).
- 5 (B) The STEP FOUR result multiplied by four-tenths (0.4).
- 6 (C) The STEP SIX result multiplied by six-tenths (0.6).
- 7 (D) The STEP SEVEN result multiplied by eight-tenths (0.8).
- 8 STEP NINE: Determine the result of:
- 9 (A) the school corporation's ADM for the current year; plus
- 10 (B) the STEP EIGHT result.
- 11 STEP TEN: This STEP applies to a school corporation for which
- 12 the amount determined under STEP EIGHT is zero (0). Determine
- 13 the sum of:
- 14 (A) the school corporation's ADM for the 2003 school year; plus
- 15 (B) the subsection (b) or (c) result, whichever is applicable.
- 16 Round the result to the nearest five-tenths (0.5).
- 17 (b) This subsection applies during the 2004 calendar year to a school
- 18 corporation described in subsection (a) ~~STEP SIX: TEN~~. Determine the
- 19 result under the following formula:
- 20 STEP ONE: Determine the difference between:
- 21 (A) the school corporation's ADM for the 2004 school year;
- 22 minus
- 23 (B) the school corporation's ADM for the 2003 school year.
- 24 STEP TWO: Determine the greater of zero (0) or the STEP ONE
- 25 amount.
- 26 STEP THREE: Determine the product of:
- 27 (A) the STEP TWO amount; multiplied by
- 28 (B) two-thousandths (0.002).
- 29 STEP FOUR: Determine the lesser of the following:
- 30 (A) The STEP THREE amount.
- 31 (B) Seventy-five hundredths (0.75).
- 32 STEP FIVE: Determine the product of:
- 33 (A) the STEP ONE amount; multiplied by
- 34 (B) the STEP FOUR amount.
- 35 (c) This subsection applies during the 2005 calendar year to a school
- 36 corporation described in subsection (a) ~~STEP SIX: TEN~~. Determine the
- 37 result under the following formula:
- 38 STEP ONE: Determine the difference between:
- 39 (A) the school corporation's ADM for the 2005 school year;
- 40 minus
- 41 (B) the school corporation's ADM for the 2004 school year.
- 42 STEP TWO: Determine the greater of zero (0) or the STEP ONE
- 43 amount.
- 44 STEP THREE: Determine the product of:
- 45 (A) the STEP TWO amount; multiplied by
- 46 (B) two-thousandths (0.002).
- 47 STEP FOUR: Determine the lesser of the following:
- 48 (A) The STEP THREE amount.
- 49 (B) Seventy-five hundredths (0.75).
- 50 STEP FIVE: Determine the product of:
- 51 (A) the STEP ONE amount; multiplied by

- 1 (B) the STEP FOUR amount.
- 2 STEP SIX: Determine the subsection (b) amount.
- 3 STEP SEVEN: Determine the sum of:
- 4 (A) the STEP FIVE result; plus
- 5 (B) the STEP SIX result.
- 6 **(d) For a charter school whose current ADM is at least fifteen**
- 7 **percent (15%) greater than the charter school's ADM of the**
- 8 **previous year, the charter school's adjusted ADM for purposes of**
- 9 **this section is the charter school's current ADM.**
- 10 SECTION 29. IC 21-3-1.7-6.7, AS AMENDED BY HEA 1001-2003,
- 11 SECTION 160, IS AMENDED TO READ AS FOLLOWS
- 12 [EFFECTIVE JULY 1, 2003]: Sec. 6.7. (a) This subsection applies
- 13 during the 2003 calendar year. For each school corporation **that is not**
- 14 **a charter school**, the index used in subsection ~~(c)~~ **(d)** is determined
- 15 under the following STEPS:
- 16 STEP ONE: Determine the greater of zero (0) or the result of the
- 17 following:
- 18 (1) Multiply the school corporation's at risk index by twenty-five
- 19 hundredths (0.25).
- 20 (2) Divide the result under subdivision (1) by three thousand
- 21 seven hundred thirty-six ten-thousandths (0.3736).
- 22 (3) Subtract three hundred ninety-five ten-thousandths (0.0395)
- 23 from the result under subdivision (2).
- 24 STEP TWO: Determine the greater of zero (0) or the result of the
- 25 following:
- 26 (1) Multiply the percentage of the school corporation's students
- 27 who were eligible for free lunches in the school year ending in
- 28 2001 by twenty-five hundredths (0.25).
- 29 (2) Divide the result under subdivision (1) by seven hundred
- 30 twenty-three thousandths (0.723).
- 31 STEP THREE: Determine the greater of zero (0) or the result of
- 32 the following:
- 33 (1) Multiply the percentage of the school corporation's students
- 34 who were classified as limited English proficient in the school
- 35 year ending in 2000 by twenty-five hundredths (0.25).
- 36 (2) Divide the result under subdivision (1) by one thousand
- 37 seven hundred fifteen ten-thousandths (0.1715).
- 38 STEP FOUR: Determine the result of:
- 39 (1) the sum of the results in STEPS ONE through THREE;
- 40 divided by
- 41 (2) three (3).
- 42 STEP FIVE: Determine the result of one (1) plus the STEP FOUR
- 43 result.
- 44 (b) This subsection applies to calendar years beginning after
- 45 December 31, 2003. For each school corporation **that is not a charter**
- 46 **school**, the index used in subsection ~~(d)~~ **(e)** is determined under the
- 47 following STEPS:
- 48 STEP ONE: Determine the greater of zero (0) or the result of the
- 49 following:
- 50 (1) Determine the percentage of the population in the school
- 51 corporation who are at least twenty (20) years of age with less

- 1 than a twelfth grade education.
- 2 (2) Determine the quotient of:
- 3 (A) eight hundred seventy dollars (\$870) in 2004 and nine
- 4 hundred seventy dollars (\$970) in 2005; divided by
- 5 (B) four thousand three hundred fifty dollars (\$4,350) in 2004
- 6 and four thousand three hundred sixty-eight dollars (\$4,368)
- 7 in 2005.
- 8 (3) Determine the product of:
- 9 (A) the subdivision (1) amount; multiplied by
- 10 (B) the subdivision (2) amount.
- 11 STEP TWO: Determine the greater of zero (0) or the result of the
- 12 following:
- 13 (1) Determine the percentage of the school corporation's students
- 14 who were eligible for free lunches in the school year ending in
- 15 2003.
- 16 (2) Determine the quotient of:
- 17 (A) one thousand one hundred dollars (\$1,100) in 2004 and
- 18 one thousand two hundred dollars (\$1,200) in 2005; divided
- 19 by
- 20 (B) four thousand three hundred fifty dollars (\$4,350) in 2004
- 21 and four thousand three hundred sixty-eight dollars (\$4,368)
- 22 in 2005.
- 23 (3) Determine the product of:
- 24 (A) the subdivision (1) amount; multiplied by
- 25 (B) the subdivision (2) amount.
- 26 STEP THREE: Determine the greater of zero (0) or the result of
- 27 the following:
- 28 (1) Determine the percentage of the school corporation's students
- 29 who were classified as limited English proficient in the school
- 30 year ending in 2003.
- 31 (2) Determine the quotient of:
- 32 (A) three hundred ten dollars (\$310) in 2004 and four hundred
- 33 thirty dollars (\$430) in 2005; divided by
- 34 (B) four thousand three hundred fifty dollars (\$4,350) in 2004
- 35 and four thousand three hundred sixty-eight dollars (\$4,368)
- 36 in 2005.
- 37 (3) Determine the product of:
- 38 (A) the subdivision (1) amount; multiplied by
- 39 (B) the subdivision (2) amount.
- 40 STEP FOUR: Determine the greater of zero (0) or the result of the
- 41 following:
- 42 (1) Determine the percentage of families in the school
- 43 corporation with a single parent.
- 44 (2) Determine the quotient of:
- 45 (A) four hundred forty dollars (\$440) in 2004 and five hundred
- 46 thirty dollars (\$530) in 2005; divided by
- 47 (B) four thousand three hundred fifty dollars (\$4,350) in 2004
- 48 and four thousand three hundred sixty-eight dollars (\$4,368)
- 49 in 2005.
- 50 (3) Determine the product of:
- 51 (A) the subdivision (1) amount; multiplied by

- 1 (B) the subdivision (2) amount.
- 2 STEP FIVE: Determine the greater of zero (0) or the result of the
- 3 following:
- 4 (1) Determine the percentage of families in the school
- 5 corporation with children who are less than eighteen (18) years
- 6 of age and who have a family income level below the federal
- 7 income poverty level (as defined in IC 12-15-2-1).
- 8 (2) Determine the quotient of:
- 9 (A) two hundred twenty dollars (\$220) in 2004 and three
- 10 hundred thirty dollars (\$330) in 2005; divided by
- 11 (B) four thousand three hundred fifty dollars (\$4,350) in 2004
- 12 and four thousand three hundred sixty-eight dollars (\$4,368)
- 13 in 2005.
- 14 (3) Determine the product of:
- 15 (A) the subdivision (1) amount; multiplied by
- 16 (B) the subdivision (2) amount.
- 17 STEP SIX: Determine the sum of the results in STEPS ONE
- 18 through FIVE.
- 19 STEP SEVEN: Determine the result of one (1) plus the STEP SIX
- 20 result.
- 21 STEP EIGHT: This STEP applies if the STEP SEVEN result is
- 22 equal to or greater than one and twenty-five hundredths (1.25).
- 23 Determine the result of the following:
- 24 (1) Determine the STEP TWO (1) amount for the school
- 25 corporation.
- 26 (2) Determine the quotient of:
- 27 (A) one hundred fifty dollars (\$150); divided by
- 28 (B) four thousand three hundred fifty dollars (\$4,350) in 2004
- 29 and four thousand three hundred sixty-eight dollars (\$4,368)
- 30 in 2005.
- 31 (3) Determine the product of:
- 32 (A) the subdivision (1) amount; multiplied by
- 33 (B) the subdivision (2) amount.
- 34 (4) Determine the STEP FIVE (1) amount for the school
- 35 corporation.
- 36 (5) Determine the product of:
- 37 (A) the subdivision (4) amount; multiplied by
- 38 (B) the subdivision (2) amount.
- 39 (6) Determine the result of:
- 40 (A) the subdivision (3) result; plus
- 41 (B) the subdivision (5) result.
- 42 (7) Determine the result of:
- 43 (A) the STEP SEVEN result; plus
- 44 (B) the subdivision (6) result.
- 45 The data to be used in making the calculations under STEP ONE,
- 46 STEP FOUR, and STEP FIVE of this subsection must be the data from
- 47 the 2000 federal decennial census.
- 48 (c) **For each charter school, the index used in section (d) or (e) is**
- 49 **the index determined under subsection (a) or (b) for the school**
- 50 **corporation in which the charter school is located.**
- 51 (d) This subsection applies to calendar years ending before January

1, 2004. A school corporation's target revenue per ADM for a calendar year is the result determined under STEP SIX of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

(A) Determine the result of:

(i) four thousand five hundred sixty dollars (\$4,560);
multiplied by

(ii) the index determined for the school corporation under subsection (a) **or (c), as applicable.**

(B) Multiply the clause (A) result by the school corporation's adjusted ADM for the current year.

STEP TWO: Divide the school corporation's previous year revenue by the school corporation's adjusted ADM for the previous year.

STEP THREE: Multiply the ~~subsection (a)~~ **STEP FIVE result index determined under subsection (a) or (c), as applicable**, by the following:

(A) If the STEP TWO result is not more than four thousand five hundred sixty dollars (\$4,560), multiply by ninety dollars (\$90).

(B) If the STEP TWO result is more than four thousand five hundred sixty dollars (\$4,560) and not more than five thousand eight hundred twenty-five dollars (\$5,825), multiply by the result under clause (C).

(C) Determine the result of **the following**:

(i) The STEP TWO result minus four thousand five hundred sixty dollars (\$4,560).

(ii) Divide the item (i) result by one thousand two hundred sixty-five dollars (\$1,265).

(iii) Multiply the item (ii) result by forty dollars (\$40).

(iv) Subtract the item (iii) result from ninety dollars (\$90).

(D) If the STEP TWO result is more than five thousand eight hundred twenty-five dollars (\$5,825), multiply by fifty dollars (\$50).

STEP FOUR: Add the STEP TWO result and the STEP THREE result.

STEP FIVE: Determine the greatest of the following:

(A) Multiply the STEP FOUR result by the school corporation's adjusted ADM for the current year.

(B) Multiply the school corporation's previous year revenue by one and two-hundredths (1.02).

(C) The STEP ONE amount.

STEP SIX: Divide the STEP FIVE amount by the school corporation's adjusted ADM for the current year.

~~(d)~~ **(e)** This subsection applies to calendar years beginning after December 31, 2003. A school corporation's target revenue per ADM for a calendar year is the result determined under STEP ~~EIGHT~~ **NINE** of the following formula:

STEP ONE: Determine the result under clause (B) of the following formula:

(A) Determine the result of:

(i) four thousand three hundred fifty dollars (\$4,350) in 2004
and four thousand three hundred sixty-eight dollars (\$4,368)

- 1 in 2005; multiplied by
- 2 (ii) the index determined for the school corporation under
- 3 subsection (b) **or (c), as applicable.**
- 4 (B) Multiply the clause (A) result by the school corporation's
- 5 adjusted ADM for the current year.
- 6 STEP TWO: Determine the result under the following formula:
- 7 (A) Determine the quotient of:
- 8 (i) the school corporation's previous year revenue; divided by
- 9 (ii) the school corporation's ADM for the previous year.
- 10 (B) Determine the product of:
- 11 (i) the clause (A) amount; multiplied by
- 12 (ii) one and two-hundredths (1.02).
- 13 (C) Determine the product of:
- 14 (i) the clause (B) amount; multiplied by
- 15 (ii) the school corporation's current ADM.
- 16 STEP THREE: Determine the result under the following formula:
- 17 (A) Determine the product of:
- 18 (i) the STEP TWO clause (A) amount; multiplied by
- 19 (ii) ninety-eight hundredths (0.98).
- 20 (B) Determine the product of:
- 21 (i) the clause (A) amount; multiplied by
- 22 (ii) the school corporation's current ADM.
- 23 STEP FOUR: Determine the lesser of:
- 24 (A) the STEP ONE amount; or
- 25 (B) the STEP TWO amount.
- 26 STEP FIVE: Determine the greater of:
- 27 (A) the STEP THREE amount; or
- 28 (B) the STEP FOUR amount.
- 29 STEP SIX: Divide the school corporation's previous year revenue
- 30 by the school corporation's adjusted ADM for the previous year.
- 31 STEP SEVEN: Determine the product of:
- 32 (A) the STEP SIX result; multiplied by
- 33 (B) the school corporation's current adjusted ADM.
- 34 STEP EIGHT: Determine the greatest of the following:
- 35 (A) The product of:
- 36 (i) the school corporation's previous year revenue; multiplied
- 37 by
- 38 (ii) one and one-hundredth (1.01).
- 39 (B) The STEP FIVE amount.
- 40 (C) The STEP SEVEN amount.
- 41 STEP NINE: Determine the quotient of:
- 42 (A) the STEP EIGHT amount; divided by
- 43 (B) the school corporation's current adjusted ADM.
- 44 SECTION 30. IC 21-3-1.7-6.8, AS AMENDED BY HEA 1001-2003,
- 45 SECTION 161, IS AMENDED TO READ AS FOLLOWS
- 46 [EFFECTIVE JULY 1, 2003]: Sec. 6.8. (a) **This section does not**
- 47 **apply to a charter school.**
- 48 (b) This subsection does not apply after December 31, 2003. A
- 49 school corporation's target general fund property tax rate for purposes
- 50 of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the
- 51 following formula:

STEP ONE: This STEP applies only if the amount determined in STEP FIVE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter minus the result determined in STEP ONE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter is greater than zero (0).

Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the result determined in STEP ONE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter from the amount determined in STEP FIVE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter is equal to STEP ONE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter and the result of clause (A) is greater than zero (0).

Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of

(A) ninety-one and eight-tenths cents (\$0.918) in 2002; and

(B) ninety-five and eight-tenths cents (\$0.958) in 2003; and

if applicable, the STEP ONE or STEP TWO result.

(b) (c) This subsection applies to calendar years beginning after December 31, 2004. A school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount determined for the school corporation in STEP ONE of the formula in section ~~6.7(d)~~ **6.7(e)** of this chapter.

STEP TWO: This STEP applies only if the amount determined in STEP EIGHT of the formula in section ~~6.7(d)~~ **6.7(e)** of this chapter minus the STEP ONE result is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Forty-three dollars and sixty-five cents (\$43.65).

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the STEP ONE result from the amount determined in STEP EIGHT of the formula in section ~~6.7(d)~~ **6.7(e)** of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP THREE: This STEP applies only if the amount determined in STEP EIGHT of the formula in section ~~6.7(d)~~ **6.7(e)** of this chapter is equal to the STEP ONE result and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

(B) Divide the clause (A) result by the school corporation's current ADM.

(C) Divide the school corporation's assessed valuation by the school corporation's current ADM.

(D) Divide the clause (C) result by ten thousand (10,000).

(E) Determine the greater of the following:

(i) The clause (D) result.

(ii) Forty-three dollars and sixty-five cents (\$43.65).

(F) Divide the clause (B) result by the clause (E) amount.

(G) Divide the clause (F) result by one hundred (100).

STEP FOUR: Determine the sum of sixty-three and seven-tenths

cents (\$0.637) and, if applicable, the STEP TWO or STEP THREE result.

(c) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation's general fund ad valorem property tax levy is determined under IC 6-1.1-19-1.5(g).

SECTION 31. IC 21-3-1.7-8.2, AS ADDED BY HEA 1001-2003, SECTION 162, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8.2. (a) As used in this section, "transfer amount" means the product of:

(1) a school corporation's assessed valuation for calendar year 2002 divided by one hundred (100); multiplied by

(2) the lesser of:

(A) three hundred twenty-eight ten-thousandths (0.0328); or

(B) the school corporation's capital projects fund tax rate for calendar year 2002 multiplied by five-tenths (0.5).

(b) This subsection applies to calendar years ending before January 1, 2004. Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

STEP ONE:

(A) For a school corporation not described in clause (B), determine the school corporation's result under STEP FIVE of section ~~6.7(c)~~ **6.7(d)** of this chapter for the calendar year.

(B) For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the amount under STEP ONE (A) of section ~~6.7(c)~~ **6.7(d)** of this chapter, determine the sum of:

(i) the school corporation's result under STEP ONE of section ~~6.7(c)~~ **6.7(d)** of this chapter for the calendar year; plus

(ii) the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus

(iii) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

STEP TWO: Determine the sum of:

(A) the school corporation's tuition support levy;

(B) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year;

(C) for the last six (6) months of calendar year 2002, the school corporation's transfer amount; plus

(D) for the first six (6) months of calendar year 2003, the school corporation's transfer amount.

The amount determined under this STEP for a charter school is zero (0).

STEP THREE: Determine the difference between:

(A) the STEP ONE amount; minus

(B) the **applicable STEP TWO or STEP THREE** amount.

(c) This subsection applies to calendar years beginning after December 31, 2003. Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

STEP ONE:

(A) For a school corporation not described in clause (B), determine the school corporation's result under **STEP FIVE EIGHT** of section ~~6.7(d)~~ **6.7(e)** of this chapter for the calendar year.

(B) For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the amount under **STEP ONE (A)** of section ~~6.7(d)~~ **6.7(e)** of this chapter, determine the sum of:

(i) the school corporation's result under **STEP ONE** of section ~~6.7(f)~~ **6.7(e)** of this chapter for the calendar year; plus

(ii) the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus

(iii) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

STEP TWO: This STEP applies to a school corporation that is not a charter school. Determine the sum of:

(A) the school corporation's tuition support levy; plus

(B) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year.

STEP THREE: This STEP applies to a charter school. Determine the product of:

(A) the amount determined under STEP EIGHT of section 6.7(e) of this chapter for the charter school; multiplied by

(B) thirty-five hundredths (0.35).

STEP FOUR: Determine the difference between:

(A) the **STEP ONE** amount; minus

(B) the **STEP TWO or STEP THREE** amount, **as applicable.**

(d) If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount of the negative result.

SECTION 32. IC 21-3-1.7-9.5, AS AMENDED BY HEA 1001-2003, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.5. (a) As used in this section, "school corporation" includes:

(1) a conversion charter school; and

(2) beginning in the second calendar year after the calendar year in which a nonconversion charter school begins its initial operation, a nonconversion charter school.

(b) In addition to the distribution under sections 8.2, 9.7, 9.8, and 9.9

of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

(1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or

(2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

~~(b)~~ (c) The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's current ADM minus the school corporation's previous year ADM.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

~~(c)~~ (d) Notwithstanding any other provision, for purposes of computing the amount of a grant under this section, "ADM" does not include an eligible pupil who is described in IC 21-3-1.6-1.2(a).

SECTION 33. IC 21-3-3.1-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.5. As used in this chapter, "school corporation" does not include a charter school.**

SECTION 34. IC 21-3-12-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. As used in this chapter, "school corporation" includes a charter school.**

SECTION 35. IC 20-5.5-7-2 IS REPEALED [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)].

SECTION 36. [EFFECTIVE UPON PASSAGE] (a) **An advance to a charter school from the department education that is financed by a transfer by the state board of finance from the abandoned property fund established in IC 32-34-1-33 is forgiven.**

(b) **This SECTION expires June 30, 2005.**

SECTION 37. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)] (a) **This SECTION applies only to Campagna Academy Charter School.**

(b) **Notwithstanding IC 21-3-1.6-1.1(l), as amended by this act, the at risk index for Campagna Academy Charter School equals the weighted average of the at risk indices for the school corporations in which the students who attend Campagna Academy Charter School have legal settlement.**

(c) **Notwithstanding IC 21-3-1.7-6.7(b), as amended by this act, the index for purposes of IC 21-3-1.7-6.7(c) for Campagna Academy Charter School equals the weighted average of the indices determined under IC 21-3-1.7-6.7(a) for the school corporations in which the students who attend Campagna Academy Charter School have legal settlement.**

(d) **This SECTION expires June 30, 2005.**

SECTION 38. [EFFECTIVE UPON PASSAGE] **To the extent possible, if there is a conflict between this act and the provisions of any other act, it is the intent of the general assembly that:**

- 1 **(1) charter schools be funded under the same formula as other**
2 **school corporations to the extent of the conflict;**
3 **(2) the two (2) acts be read together consistently and**
4 **harmoniously; and**
5 **(3) the policies in both acts be implemented into law.**

6 **SECTION 39. [EFFECTIVE UPON PASSAGE] (a)**
7 **Notwithstanding the effective dates of the provisions in HEA**
8 **1001(2003) and this act, and excluding the provisions of this act**
9 **that are applied retroactively to January 1, 2002, for the purposes**
10 **of calculating and distributing tuition support and other state**
11 **funding to school corporations, including charter schools, the**
12 **provisions in HEA 1001(2003) and this act shall be applied**
13 **retroactively to January 1, 2003.**

14 **(b) It is the intent of the general assembly that charter schools**
15 **and affected school corporations be funded after December 31,**
16 **2002, in conformity with school funding formulas in HEA**
17 **1001(2003) as enhanced by the provisions of this act. To the extent**
18 **that a cross reference or an effective date in this act is inconsistent**
19 **with this intent or in conflict with HEA 1001(2003), the provisions**
20 **shall be harmonized to effectuate the intent expressed in this**
21 **SECTION. The legislative services agency shall prepare legislation**
22 **for introduction in the 2004 session of the general assembly to**
23 **correct the statutory law to be in conformity with this SECTION.**

24 **SECTION 40. An emergency is declared for this act.**
 (Reference is to ESB 501 as printed April 7, 2003.)

Conference Committee Report
on
Engrossed Senate Bill 501

Signed by:

Senator Lubbers
Chairperson

Representative Porter

Senator Rogers

Representative Behning

Senate Conferees

House Conferees